



## BUSINESS AND ECONOMY REVIEW

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### **Summary**

The economy of the Republic of Moldova increased by 5% during the first half of 2006. The preliminary estimates show that the GDP rose by 4% during January-September, and our GDP forecasts for the whole year is 3.0-3.5%. The industrial recession was and will remain in the foreseeable future the main factor impeding a stronger economic growth. The agriculture continues to stagnate, while there are important structural changes in the sector. The services sector maintains a good dynamics, in fact being the one driving the income growth in the country.

As opposite to the developments in the industry and agriculture, the consumption boasts a somewhat brighter outlook. Along with the income increases generated by the services, another factor explaining the consumption expansion is the increase of the remittances transferred from abroad by the migrants. The migration is an advantage for the public finances as well, where the budget incomes grow stronger. Even so, despite the growth in incomes the management of the public expenditures was inadequate: in the first three quarters, the set targets for the budget expenditure were fulfilled for none of the compartments.

Due to the worsening inflationary anticipations, the bank interests and the share of the deposits in foreign currency are on the rise. The prices totaled a 9.6% growth in the January-September, putting under risk even the revised annual inflationary objective from 10% to 12%. As predicted in the BER 12, at the end of September this year the NBM has operated an increase of its own base rate for the first time since August 2004.

Some external trade indicators improved slightly. The trade reached level of -43.6% of GDP in the third quarter comparing to - 49.2% during the second quarter. The global prices for oil decreased, but the futures market hints at moderate oil price recovery during next months. The wheat market witnesses growing prices as well, favoring country's exporters. Moreover, the developments in the economies of the Moldova's main trade partners are favorable to the exports' expansion. The households' income and production in these countries are on an ascendant trend. Yet, the negotiations for relaunching the exports on the Russian market and avoiding the cease of exports to Romania after its EU accession in 2007 are necessary.

At the same time, some developments in September-October confirm once again that Romania's EU accession might be a benefic factor for the resumption of the economic growth in Moldova. During the past two months, the visits of some west companies' representatives grew in numbers. This suggests a rising interest to Moldova as a location for new production capacities with the EU enlargement to Prut. Some investment proposals were put forward in such branches as shoes manufacturing, car details production, and bio-ethanol. However, the deficit of the qualified labor force may well impede economic growth. The Costs of Doing Business

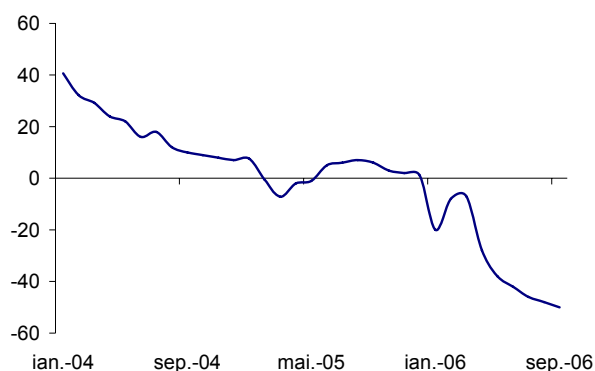
research for 2005 shows that 20% of the companies lack qualified personnel. Another serious barrier is insufficient administrative and management capacity needed to absorb increases in investments.

## Output

According to the recent official statistical data, in the first half of the 2006 year the GDP expanded by 5%. For comparison, the Moldovan economy grew by 8.6% in January-June 2005. The gross value added increased only by 4.2% in January-June 2006, while the net taxes on production and import (to which there is added the gross value added to obtain the GDP) – by 24%. Previously, we mentioned similar findings regarding the economic growth in the first quarter of the current year (see BER-12), but in the second quarter these disequilibria became more salient.

Starting the second half of 2005, the Moldovan economy has been cooling. After the 6.2% increase gained in the Q1'06 (comparing to 8.2% in the Q1'05), the GDP growth slowed down to 4% in the Q2'06 (contrasted to 9% registered in the Q2'05). The industrial recession and the stagnation of the agricultural sector cause the production decrease, while the healthier evolutions in services somehow compensate these negative tendencies. Taking into account the recent negative

**The production growth for the wine industry, %, cumulative from the beginning of the year**



Sources: NBS

trend, we estimate that the GDP grew by 4% in the January-September period, and our forecast regarding the annual economic growth in 2006 is 3.0-3.5%.

In January-September the industrial production diminished by 7% comparing to the respective period in 2005, reaching a new historical minimum for 2000-2006. The wine industry decline entirely determines the failure of the industry to recover from its recession. The breathtaking speed with which this branch transformed from a “supernova” to a “falling star” is amazing. The wine sector influenced a series of connected branches, both on upstream (viticulture and packing production) and downstream (transports, services and logistics). The national wine festival organized in October this year bore a misplaced triumphal character for the winemaking sector passing through the most difficult economic situation from 1998. Besides, the event confirmed once again that the Government and a big share of the producers have a primitive approach to the wine marketing.

Nevertheless, more experts consider that the “wine crisis” has had a positive side as well. Only the truly best-performing companies as much as quality and efficiency are concerned will manage to survive from this crisis. The fact that the sales decrease is not common for all the companies from this sector confirms the above statement, some of them even managing to increase their turnover in 2006.

The agriculture had a moderate evolution in the first three quarters of the current year. According to our estimates, the production increased only by 2.5-3.0%. The obtained grain harvest is much below the expectancies – about 700 thousand tones, comparing with 1000 tones in 2005. The other crops would not seem to impress either. The majority of farms are in a very complicated financial situation. Most of the winegrowers do not have the possibility to sell their grape harvest for prices that would cover their production costs at least. Especially in a bad situation are the farms that cultivate internationally unrecognized grape sorts. Some preliminary indicators show that several in-depth processes take place that would have long term positive economic consequences (boost of competitiveness), but also immediate negative social consequences. Among these processes is the growing number of the unprofitable companies and of the farmers that want to leave this activity.

### **Services**

The services are still the most dynamic and growth-driving sector. “The national champions” are located in the traditional branches – constructions, telecommunications, transportation and trade. Retailing and services rendered to the population are keeping up on an ascendant trend.

The real estate sector in Chisinau began to show evident symptoms of “overheating”. The price limit set in March-August 2006 (US \$750 for 1sq.m. on average) seemed to be too high. The apartments are not accessible even for the category of buyers financed by migrants’ remittances. According to the real estate operators’ information decrease of prices on the market began already in September, a tendency that continued in October 2006 (some construction sector operators consider that the prices would diminish by 10% in the absence of the unofficial payments). While the last years were characterized by exceeding demand, the 2006 year is characterized by exceeding supply. Not only those in need of place to live, but also investors showed smaller appetite for the real estate in September. At the same time, the increase of prices in the other cities continued.

In January-August, 2006 the volume of transported goods diminished, as the average transportation time and distance increased (due to the redirection of trains from Transnistria to the North). In September, the performance indicators in the sector’s two main branches - the road and railway transportation – have registered a contradictory evolution. Comparing to September 2005 the auto transportation increased the quantity of transported merchandise meanwhile the railway transportation have diminished it. This evolution is determined by the railway blockade in Transnistria and Ukraine.

### **Consumption**

According to the official information, in January-August the retail trade volume rose in real terms by 10.5% comparing to January-August 2005 and the value of services provided to population – by 6.1%. After slowing down in the first 4 months, the retail sales accelerated again in May. The services situation was rather opposite: their volume rose slower starting with June.

The retail growth perspectives are quite good for the next few months. Regarding the market potential, the retail store chains seem to have positive anticipations. This is proven by the recent expansion of some local retail chains and the interest manifested by some international retailers to start businesses in Moldova. The analysis shows that the players in this sector underestimated

the potential of regional extension until now, limiting themselves to 1 or 2 big cities. In the near future, the competition between them would intensify for the share of the regional market (the small towns). We believe that the urban localities situated close to the Romanian border will be of great interest for them. After Romania joins EU in 2007, we expect a stronger convergence of prices on the Romanian market towards the European average. On the hypothesis that in the Republic of Moldova the prices would grow slower than in Romania, this would lead to the intensification of the Moldovan-Romanian cross-border trade.

### **Public Finance**

The national public finance revenues increased considerably in 2006. The total income in the national public budget rose above 12.40 billions lei in January-September, which is by 2.7% more than projected for this period and 21% more than in the similar period in 2005. Many fiscal incomes registered important growth. The corporate income tax reached an amount which is by 38% higher than in Q1-Q3'05, the VAT for the products and services originated on the internal market – by 25% higher, the VAT for the imported merchandise – by 23% higher, the customs receipts – by 18% higher. The contributions to the social insurance budget increased by 24% and to the medical compulsory insurance budget – by 23%.

The capacity of expenditures management in the Republic of Moldova is lower than the revenues management. According to the official information, the expenditures executed in Q1-Q3'06 reached 12.08 billion, only 83.6% of the amount projected for the respective period. The plan was fulfilled for none of the expenditure categories. In particular, there were approved 605 millions lei for agriculture, but there were allocated only 417 millions lei, there were approved 851 millions expenditures for the communal services, fulfilled – only 718 millions.

The public finance general balance was equal to 0.98% of the GDP estimated by Expert-Grup for the first three quarters of the current year (the positive balance was determined by the inadequate spending). The official data invalidated our previous estimations regarding the decrease of the collections from VAT for the merchandise and services performed inside the country. At the same time the reduction of excises collection was confirmed, that were by 8% lower in the first three quarters comparing to the last year.

A mission of the International Monetary Fund visited the Republic of Moldova in October to check the accomplishment of the obligations of the Government and the National Bank of Moldova in the economic policies memorandum. The IMF experts considered that the commitments were accomplished to a satisfactory degree. The second installment from the credit agreement for the Republic of Moldova might be raised from USD 17 millions up to USD 47 millions and received until the end of the current year. That would neutralize a substantial part of the macroeconomic risks that Moldova faces. Another positive evolution in the public finances is the establishment of a preliminary agreement with the Russian Federation for restructuring Moldova's debts (according to the press information – about USD 144 millions, from which USD 30 millions belong to Transnistria).

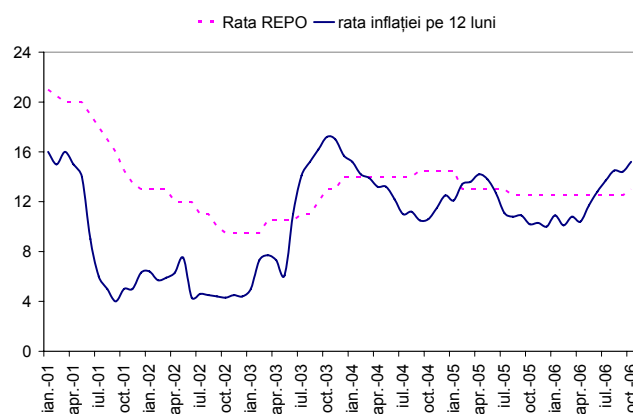
### **Money**

In September, there were no essential changes on the treasury bonds market comparing to the previous period. The treasury bonds interest rate was of 8.3%, slightly above the August level

(8.2%). The treasury bonds issued for a period of 182 days and 364 days were put up for sale for the annual interest of 8.7% and, respectively, 11.2%. The interest for the state obligations with 2 years maturity continued to increase, reaching 11.3%. In September the bonds supply from the Ministry of Finances remained around the August level (MDL 198 millions comparing to MDL 200 millions), as well as the demand from the banks (MDL 256 millions comparing to MDL 258 millions).

The bank deposits in national currency continued to decrease in September: these deposits were equal to MDL 4 billions in April 2006, but only MDL 3.7 billions in September. On the other hand, the deposits nominated in foreign currency increased significantly. Therefore, the share of the deposits in foreign currency grew from 47.6% in July to 49.9% in September. The commercial credit stock rose by 3% in September, reaching MDL 12.3 billions by the end of the month.

**The increase of the inflation rate (the last 12 months) and the NBM base rate**



Sources: NBS

As forecasted, the nominal interests of bank credits and deposits increased in September, practically reaching the last year's level. The interest rate of the deposits in lei rose by 0.6 percentage points, reaching 12.6%. The interest rate for the credits provided in lei increased by 0.4 points, reaching 18.6%. These evolutions are chiefly determined by the increase of the inflationist anticipations of both the banks and the population. Being aware of the new risks, on September 28 the National Bank of Moldova mounted the base interest rate (for the REPO operations) by 0.5 percentage points, achieving 13.0% annually.

The Moldovan banking system is still attractive to some foreign banks interested in the penetration on the market of banking services through the investments in the local trade banks. The share of the foreign capital in the banks' capital grew from 48.7% in July to 54.8% in August and 58.0% in September. Some important structural changes were accomplished in the banking system due to the foreign investments supplied in August-October. More exactly, the share of the largest five banks tends to decrease from the total assets and from the total normative capital. Some banks that were traditionally ranked as "little" tend to become part of the "big banks" group.

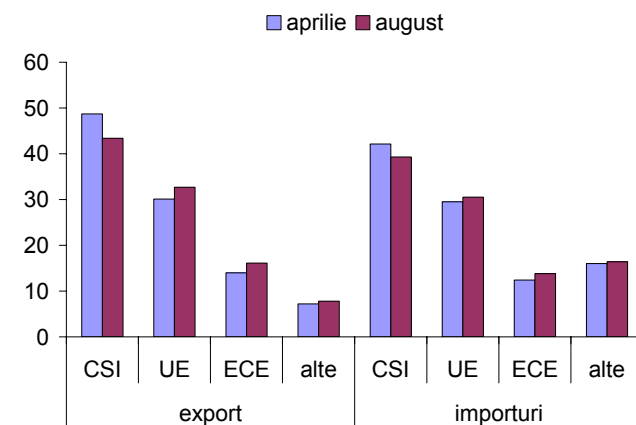
For the period of September-October, the appreciation tendency of the Moldovan leu in relation to the US dollar was dominant. The currency exchange rate decreased from 13.31 MDL/USD at the beginning of September to 13.23 on October 26, 2006. This evolution was distinct from the still market from the same period of the previous year. On the international currency markets, the euro depreciated against the dollar (from 1.28 USD/EUR at the beginning of September to 1.26 close to the end of October). Conspiring with the appreciation of the leu against the dollar, this trend led to the appreciation of the national currency against the euro, from 17.07 MDL/EUR on September 1 to 16.65 MDL/EUR on October 26.

## Foreign Trade

The trade balance of Moldova continued to worsen during January-August 2006, reaching USD 977.5 millions, i.e. 35.5% more than in the first eight months of 2005. The export and import trends changed insignificantly comparing to the previous period. The exports attained USD 636 millions (7.2% less than the respective period in 2005), while the imports reached USD 1613 millions (14.7% higher). According to our estimations, the exports totaled USD 763 millions, the imports - USD 1839 millions, while the trade deficit was estimated to -43.6% of the GDP at the end of September. The low international competitiveness of the Moldovan exports, the outdated external marketing and the trade barriers are the main factors behind the exports recession. The expansion of the imports is the result of a greater consumption appetite of the better-off citizens and those supported by remittances. Another factor that explains the imports growth is the quantitative increase of some imports (like the construction materials). Finally, the price increase of some strategically important non-substitutes is in place too (referred mainly to the energy and fuels).

The structural changes surfaced at the beginning of the year became even more salient in August. The geographical rebalancing of the exports continued rather as the result of the east markets loss than the expansion westwards. In the short term, the recovering of the Russian sales market is not possible, except with high political costs. In the long run, it is rational to increase the presence on the western markets through the improvement of the products quality, the extension of the range of products

**The trade structure on the regional areas , %**



Sources: BNM

and the negotiation of the trade barriers reduction. The gravitational trade theory suggests that Republic of Moldova should export significantly more in the EU than Russia. The important recent expansion of the exports to Romania that will become the EU member in January 2007 is an indicator of this strategy feasibility. The wine exports to this country increased very much and a marketing study published in September-October this year shows that the total wine sales could grow up to USD 50 millions. Another favorable indicator is also the revival of the exports growth towards EU: if during January-April, they diminished by 4%, then in January-August they were by 5.8% higher than in 2005. The recovery of the leather articles and leather exports to a level comparable to 2005 determined the exports recovery to the EU countries.

On product profile, the indicators of the export concentration diminished insignificantly in January-August comparing to the respective period in 2005. Again, this was the result of the notable decrease of the exports of drinks, tobacco and food products with 27%, including 45% to Russia.



## Global Oil Market

In the last two months the oil price were on the constant slide. Therefore, in October the oil price, West Texas Intermediate, fell below USD 60 per barrel – the lowest in 2006. What are the reasons for such an evolution? Some experts consider that this might be one of the first signs of the end of the cycle of the price increase for oil: the big prices begin to suppress the demand and the investors that invested in petroleum and other resources are leaving this market segment. On the contrary, other experts believe the current decrease is nothing more than a seasonal blip caused first of all by the moderate character of the hurricanes in the Atlantic and the less tensioned than expected American-Iranian relations.

The International Energy Agency forecasts the reduction of the global demand for petroleum, but the markets seem rather expecting an increase in the oil price. Thus the futures quotations remain slightly below USD 70 (normally, the current spot prices exceed the futures ones) until 2011. A relative boost in prices is possible with the beginning of the cold season<sup>1</sup>.

## Global Wheat Market

During September-October, the global wheat market is mostly characterized by the supply reduction and the increase of demand and prices. The modest harvest from the main producing countries: Australia (-45%), Brasilia (-15%) negatively influenced the global supply of wheat. The expectations of grains price increase prevail, also due to the downwards crops revision in China (-1.5%), and EU-25 (-1.1%, smaller crops being expected in Spain, France and Poland). There are anticipations that the final global stocks towards 2006-2007 would sum about 25% of the global consumption, the lowest level in the last 25 years<sup>2</sup>.

## Trade Partners

The evolutions in the economies of the main trade partners are favorable for the expansion of the Moldovan exports. The population's incomes and the outputs in these countries are constantly increasing and, unless the non-tariff barriers imposed by the Russian Federation in 2005-2006 and the tariff barriers in the framework of the European customs policy, the Moldovan exports would have followed a more evident growth trajectory.

The economy is continuously ascendant in **Russia**. The economic growth reached 7.4% in August 2006 comparing to same period in 2005. Similar to July, this growth was backed by the continuous strengthening of the external demand and the acceleration of the internal demand in consumption and investments. Thus, the investment rose by 11.1% in January-August compared to the similar period of the previous year. The internal consumption growth was sustained by the growth in households disposable incomes, which were 16.9% higher in August 2006 towards the same period in 2005. The population's incomes expansion was supported mainly by the exports increase (20.8% in August). However, the exports consolidation is exclusively driven by the raw material sector. The industrial production rose by 9% in August. The inflation rate constituted 7.1% in January-August 2006 – 1.2 times less than the last year. Thanks to the favorable price

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<sup>1</sup> Sources: The Economist, BusinessWeek, Global Insight Inc., International Energy Agency *Oil Market Report*, The International Monetary Fund.

<sup>2</sup> Sources: USDA, World Agricultural Supply and Demand Estimates, Wheat Outlook.

development on the world markets the official currency reserves reached a record-high level of USD 77.6 billions<sup>3</sup>.

The economy continued to consolidate in **Ukraine**, registering an 8.9% growth year-on-year basis. The economic growth was supported by all economic sectors except the agriculture that underwent an insignificant decline due to a smaller grain harvest. The expansion of industry and services strongly sustains the development. The industry increased 6.2% in January-September 2006 comparing to the same period of the past year, first thanks to the intense progress in metallurgy and machinery production for both external and internal consumption. The exports noticed a lift of 7.9% in January-September 2006. On the other hand, the imports increased even higher: 21.2% comparing the similar period in 2005.<sup>4</sup>

During the last months, the economic situation in the European Union continued to improve. This fact is reflected in the improvement the Economic Confidence Indicator in the euro area up to 109.3 – the highest position since February 2001. The improvement of the economic sentiment is expressed through the enlargement of the retail trade by 2.4% in the euro zone (0.5% in **Germany**) and 3.3% in EU-25 in August 2006 comparing to the same period in 2005. Particularly, the trade of drinks and food products extended by 0.7% (1.5% in EU-25) and by 2.6%(4.5%) in textiles, cloths and footwear (July 2006). The industry increased by 1.8% in August 2006 in the euro area and with 1.3% in the EU-25. Particularly, in **Italy** and **Germany** the industry increased in August toward July by 1.5% and 2%, respectively. There is an anticipated annual inflation of 1.8% in September comparing to 2.3% in August in the euro zone, which is below the official aim established by the Central European Bank.

Despite a lower economic growth rate in August, the **Romanian** economy continues to maintain an ascendant trend. As usual, during this period the consolidation takes place in the construction (+17.3%), retail (+25.4%) and to a lower extent in the industry (+7.2%) and services (+5.5%). The total exports volume registered an increase of 17.3% in January-August 2006 comparing to the same period of the previous year. Most significant increases are in the exports of machinery, metallurgic products and minerals, materials and means of transportation. The exports share oriented to the EU market represented 67.1%. The imports rose stronger than the exports - by 25.2%, thus, the trade deficit increased by 44.7%.

In Romania the business confidence survey displays the growth of positive expectations in industry, retails, services and a relative stabilization in the construction in September-November 2006. Generally, we expect a favorable economic situation in the next three months. In October 2006 European Commission issued a positive decision on the Romanian accession to the European Union on January 1, 2007. This will have a positive effect for the economic evolutions in Romania, but will impose the intensification of the actions regarding the fight against corruption, securing the borders and the sanitary-veterinary sector<sup>5</sup>.

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<sup>3</sup> Sources: The Russian Ministry for Economic Development and Commerce, The Federal Service of Statistics, The Economist, BusinessWeek, The International Monetary Fund.

<sup>4</sup> The State Comity for Statistics from Ukraine, The International Center for Political Studies (Kiev, Ukraine), The International Monetary Fund, The Economist.

<sup>5</sup> Sources: The National Institute of Statistics, The International Monetary Fund, CreditAnstalt Bank, The Financial Week, The Economist.



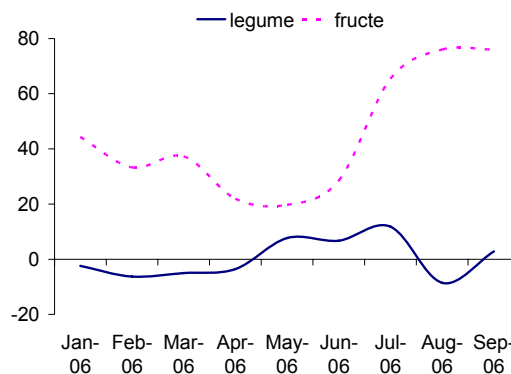
## Prices

After a relative pause in May-July, the prices began to increase fast: 0.8% in August and 1.1% in September. If in August the prices rose mostly for services (5.9%), then in September the highest increase was registered by the prices on the non-food products (1.6%), followed by the prices for the food products (1.2%) and the tariffs for services (0.5%).

According to our calculations, at the end of September 2006 the prices were higher on the average by 9.6% comparing to the end of the 2005. If in October-December, 2006 the prices will increase at least as strongly as in 2005, then the inflationary target for the 2006 (12% revised from 10%) would be by far exceeded, the price rise constituting 15%.

In September, within the category of essential products the potatoes, meat and dairy products increased in price mostly. Comparing to August 2006 the fruits got cheaper by 6.3%, and the

**The prices increase, % comparing to the respective month from 2005**



Sources: NBS

average price for the vegetables did not change. At the same time, it is remarkable that in a long term basis the fruits are advancing in price stronger, while the vegetables – relatively slower. Thus, in September, 2006 the fruits were on the average by 76% more expensive than in September 2005, while the vegetables – only by 3%. The explanation of the powerful prices increase could serve the fact that the fruits are exported while the vegetables are present in bigger quantities on the internal market. The fuel and the drugs maintained the constant price increase tendency characterized for the current year, being by 25% and respectively, 32% more expensive than in September 2005.

## Labor Market

The National Bureau of Statistics (NBS) continues to report high rates of salary growth in the economy. According to the official data, in January-August 2006 the wages were 15% higher in real terms than in January-August 2005. These growth rhythms of the real salaries are not quite normal for the present economic situation in Moldova. Very high rates of growth are observed by statistics even in the stagnating fields: in the agriculture, the real increase was 12.3% for January-August 2006 comparing to the same period in 2005. The wage growth is explained not only by the increase of the remuneration fund of the enterprises, but also by the reduction of the workers' number! In the winemaking sector where the turnover is diminishing, the wage increase is positive only nominally, in reality the salaries are 6% lower.

It is necessary to mention that the methodology of cumulative estimation of the wages used by the NBS hides the real monthly evolutions. The calculations show that the last significant increase of the monthly salaries was in June 2006, when the average salary in the public sector rose by 26.2% in real terms (determined by the payments for "holidays"). The wage in the public sector decreased by 17% in July, and by 4% in August. In the real sector, the last significant wage

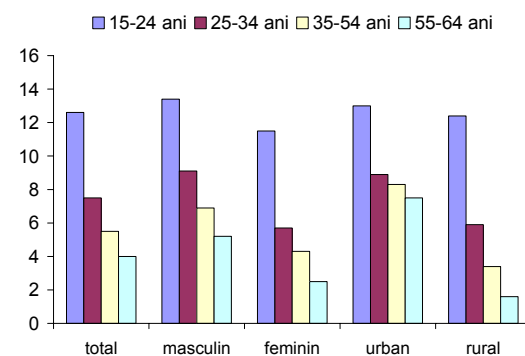
increase took place in March (10%), since then the monthly increase varied between 1.4% and 3.6%.

Some changes were introduced in the NBS calculation methodology of the main indicators of the labor market in 2006. Some minor changes occurred in the indicators definitions, but more important are the modification in the survey techniques. This is why, as the NBS points out, the new indicators are not directly comparable with the previous statistical series. At the same time, we consider the unemployment rate for the rural environment not relevant in either the improved methodology, and one should use exclusively the unemployment rate in the urban environment in order to obtain a more realistic picture about the national labor market.

The economically active and occupied population decreased in 2006 as well, a tendency that exposes to a real danger the future economic growth. Two mega-trends determine these evolutions: the aging of the population and the emigration of the workforce. The estimated unemployment according to the new methodology in Q2'06 was of 6.4%, practically remaining at the same level comparing to the previous year. In the urban area the unemployment rate was 8.7%. It is even easier to notice the dependence of the unemployment risks on the age of the economic active person. This correlation holds true with no regard to sex or residence location. Especially exposed to unemployment risks are the young people aged between 15 and 24 years, with an unemployment rate of 12.6% (those from the segment of 15-19 years are confronting a higher unemployment risk that we estimated at 18-20%).

The youth was also recently the subject of a separate NBS study. The results of this study are alarming. Over 60% among the interviewed young people declared that they are not satisfied with their work place. In the situation when the well-paid jobs supply is quite modest and practically limited to the big urban areas, the youth prefers more often the migration option. According to this research, the young people aged between 15 and 24 years form almost 27% from the total of the persons leaving abroad for work. Per total, almost 15% from all the young people of 15-24 years of age (about 100-115 thousand) left abroad for reasons related to work. The youth is ever less inclined to take on poorly paid jobs. Particularly during Q2'06 in agriculture worked 28% of young people, comparing to 34.4% in Q2'05, attested by a similar research undertaken by the NBS. The youngsters work schedule seems to be quite stressful: almost three quarters of them work in atypical conditions (during the night, evening, on Saturday or Sunday) and the same number stated that they work over 40 hours per week.

**The Unemployment Rate by Age, %**



Sources: NBS

## Republic of Moldova: the basic economic indicators

	Annual			Notes	2006									Informative			
	2003	2004	2005		M1	M2	M3	M4	M5	M6	M7	M8	M9	Note	2003	2004	2005
OUTPUT																	
GDP, the real growth, %	6,6	7,4	7,1	cumul., Q/Q	-	-	6,2	-	-	5	-	-	3	Q3/Q3	5,4	5,7	8,4
GDP/capita, USD, market price	548,0	720,0	860,0	cumul., Q/Q	-	-	191	-	-	416	-	-	728	Q1/Q1	392	563	674
Industrial production, real growth, %	15,6	8,2	6,3	cumul.	-1	1,3	-0,3	-5,9	-6,9	-6,4	-6,7	-5,7	-7	cumul., Q1-Q3	19,3	7,9	6,1
Agricultural production, real growth, %	-13,6	20,8	1,0	cumul., Q/Q	-	-	0,8	-	-	1,8	-	-	2,5e	Q3/Q3	-19,9	10,5	6
Gross capital investment, % of GDP	18,6	21,2	24,4	cumul., Q/Q	-	-	19,5	-	-	25,5	-	-	26,0	Q3	15,9	18,7	23,4
PUBLIC SECTOR																	
Global public budget revenues, MDL millions	9417	11322	14528	cumul.	1200	2076	3577	4870	6205	7696	9222	11743	12399	cumul. Q1-Q3	6543,4	7750,6	10263,7
Global public expenditure, MDL millions	9147	11252	13949	cumul.	n.a.	2004	3396	4712	6035	7757	9188	10683	12082	cumul. Q1-Q3	6265,5	7958,0	9732,9
General balance of the public budget, % of GDP	1,0	0,2	1,6	cumul.	-	-	2,15	-	-	-0,33	-	-	0,98	cumul. Q1-Q3	1,47	-0,84	1,85
Granted and public debts, % of GDP	36,0	25,7	23,7	mill. USD	773,5	767,6	768,3	778,3	802,2	793,6	792,8	793,4		M9	982	853	783
Internal public debt, % of GDP	10,6	11,6	10,3	mill. MDL	3800	3810	3815	3839	3832	3816	3831	3860		M9	2903	3729	3736
FINANCIAL																	
Interest for bank credits, MDL, (%)	19,2	20,9	18,9	M	17,9	18,3	18,2	17,8	17,6	17,6	17,6	18,3	18,6	M9	18,7	20,9	18,1
The NMB base rate, (%)	14,0	14,5	12,5	M	12,5	12,5	12,5	12,5	12,5	12,5	12,5	12,5	12,5	M9	12	14,5	12,5
Treasury bonds annual interest, (%)	15,1	11,6	3,7	M	3,2	1,8	4,1	6	7,3	8,5	8,4	8,2	8,4	M9	12,1	9,8	3,3
Exchange rate, MDL/USD, at the end of the period	13,22	12,46	12,84	M	12,92	12,97	13,02	13,02	13,22	13,29	13,32	13,32	13,29	M9	13,31	12,16	12,59
Exchange rate, MDL/USD, at the end of the period	16,53	16,95	15,19	M	15,62	15,38	15,71	16,18	17	16,67	16,98	17,06	16,9	M9	15,19	14,97	15,18
EXTERNAL TRADE																	
Total export, FOB, USD millions	1059	1349	1528	cumul., M	66,7	153	251,1	313,2	382,5	468	543,5	635,5	762,6	cumul. Q1-Q3	543,1	701,1	774,7
Total import, FOB, USD millions	1728	2122	2739	cumul., M	140,4	319,6	537,5	734,4	944,4	1162,5	1388,2	1613	1838,82	cumul. Q1-Q3	926,6	1215,6	1563,9
Total trade deficit, % of GDP	-32,0	-30,1	-42,3	cumul., M	-	-	-44,1	-	-	-49,2	-	-	-43,6	cumul. Q1-Q3	-27,0	-25,3	-34,6
Labor remittances, USD millions, net	440	660	867	cumul., M	-	-	174	-	-	412,8	-	-		S1	201,6	247,8	384
Direct foreign investments, USD millions, net	78	151	225	cumul., M	-	-	34,2	-	-	97,34	-	-		S1	31,7	73,4	83,9
Oil price WTI, USD/barrel, c	30,0c	40,9c	57,5c	M. c	65,5	61,2	62,7	69,5	71,5	70,9	73,6	73,4	63,8	M9, c	28,4c	43,3c	64,5c
CURRENCY																	
Currency in circulation, increase rate, %,	20,9	36,8	24,4	M/M	26,3	22,7	24,2	25,8	28,9	26,4	17,1	13,3	9,1	M9/M9	29,4	14,2	31,0
Money aggregate M2, increase rate, %	25,9	46,9	37,9	M/M	34,8	31,8	31,2	29,5	24,9	25,2	17,7	13,2	7,6	M9/M9	23,9	32,1	47,7
Official reserves, USD millions	302,3	470,2	600,0	M	599,3	586,1	593,1	607,8	645,3	632,7	635,5	641,3	647,9	M9	284,1	391,6	582,1
Commercial credit stock, increase rate, %	44,4	22,2	35,0	M/M	36,2	37,6	41,2	42,6	42,7	41,9	42,1	42,4	33,7	M9/M9	60,5	21,7	31,1
CONSUMPTION																	
Consumer price index	115,7	112,5	110,0	cumul.	101,9	103,3	104,9	106,4	107,7	107,9	107,5	108,4	109,6	M9/December	111,4	106,5	105,6
Retail trade, actual growth, %	18,2	5,6	4,7	cumul. M/M	12,8	13	12	10,1	11	9,8	9,8	10,5	10,8	M9/M9	22,1	9,4	12,1
Services rendered to the population, actual growth, %	13,3	5,3	9,3	cumul. M/M	7,7	10	7,6	7,7	8	8	7,9	6,1	6	M9/M9	12,2	5,7	9,2
Consumer Confidence index	-	-	-	M	-	-30,6	-	-	-	-	-	-30,6	-		X	X	X
Average wage per economy, USD	64	89	105	M	110,3	110	117,8	120,2	125,8	137,2	131,7	132,6	131,7	M9	70,5	92,3	106,6
Real wage growth, %	15,4	10,1	6,8	cumul., M/M	12,1	13,8	14,5	13,5	14,3	15,5	15,2	15	14,5	cumul. M1-M9	19,9	11,3	5,9
Unemployment rate, % (ILO methodology)	7,9	8,1	7,3	Q	-	-	8.1e	-	-	6,4	-	-	6,0e	Q3	6,6	6,3	6,6

Notes: M1 – January, M2 – February etc.; M- monthly; M/M – the current year month comparing to the respective month from the previous year;  
Q1 – first quarter, Q2 – second quarter, etc.; Q – quarterly; Q/Q – the quarter from the current year comparing to the respective quarter from the previous year;  
S1 – first half of the year;  
cumul. – cumulative from January; „-“ – are not applicable or the data are not comparable, e – EXPERT-GRUP estimations; c- EXPERT-GRUP calculations.  
Sources: National Bureau of Statistics, Ministry of Finance, National Bank of Moldova, Expert-Grup, The Economist.